

UNITED STATES OF AMERICA
BEFORE THE NATIONAL LABOR RELATIONS BOARD
DIVISION OF JUDGES

GAYLORD CHEMICAL CO., LLC

and

Case: 10-CA-38782

UNITED STEELWORKERS INTERNATIONAL
UNION AND ITS LOCAL 887

Kerstin I. Meyers, Esq., for the General Counsel.

Jeffrey A. Schwartz, Esq., (*Jackson Lewis LLP*),
of Atlanta, Georgia, for the Respondent.

Glen M. Connor, Esq., (*Quinn, Connor, Weaver,
Davies & Rouco, LLP*), of Birmingham,
Alabama, for the Charging Party.

DECISION

Statement of the Case

IRA SANDRON, Administrative Law Judge. This matter arises out of a complaint and notice of hearing issued on April 29, 2011, against Gaylord Chemical Company, LLC (the Respondent or the Company), stemming from unfair labor practice (ULP) charges filed by the United Steelworkers International Union (USW International) and its Local 887 (collectively, the Union).

Pursuant to notice, I held a trial in Birmingham, Alabama, on June 27 and 28, 2011, at which I afforded the parties full opportunity to be heard, to examine and cross-examine witnesses, and to introduce evidence.

Issues

- 1) Since on about October 25, 2010,¹ has the Respondent violated Section 8(a)(5) and (1) of the National Labor Relations Act (the Act) by unlawfully failing and refusing to recognize and bargain with the Union as the collective-bargaining representative of unit employees following the Respondent's relocation of operations from Bogalusa, Louisiana, to Tuscaloosa, Alabama?

¹ All subsequent dates occurred in 2010, unless otherwise indicated.

2) Since the same date, has the Respondent violated Section 8(a)(5) and (1) by failing and refusing to provide the Union with information that it had requested that was relevant and necessary for the Union's performance of its duties as the collective-bargaining representative of those employees?

3) Did the Respondent violate Section 8(a)(5) and (1) by creating the new unit job position of "Lead Shipper" in about January 2011, without providing the Union prior notice and an opportunity to bargain?

4) Did Marc Smith, Vice President/Manufacturing, in about late September and on October 25, violate Section 8(a)(1) by interrogating employees about their union sympathies?

Witnesses and Credibility

The General Counsel called union representatives Daniel Flippo, district director for District 9, and Michael Tourne, a USW International staff representative; and employees Doug Mitchell, Wendell Sullivan, and Ronald Talley, all transferees from Bogalusa to Tuscaloosa. All of the General Counsel's witnesses appeared straightforward in demeanor and in their recitation of events, and none displayed any hints of attempts to embellish or otherwise skew their testimony.

The Respondent called no witnesses, despite the fact that Smith was present throughout as the Respondent's designated representative pursuant to my sequestration order. The Respondent's failure to call Smith or other managers/supervisors involved in the events underlying the allegations must be deemed to raise the suspicion that their testimony would not have controverted that of the General Counsel's witnesses and been unfavorable to the Respondent's case. I therefore draw an adverse inference against the Respondent on these matters. See *Palagonia Bakery Co.*, 339 NLRB 515, 538 (2003); *Dalikichi Sushi*, 335 NLRB 622, 622 (2001); *International Automated Machines*, 285 NLRB 1122, 1123 (1987), enf. mem 861 F.3d 730 (6th Cir. 1988).

Accordingly, I credit the testimony of the General Counsel's witnesses. I note that most of the salient facts in this case are undisputed, in large measure due to the parties' wide range of documentary and factual stipulations.²

Facts

Based on the entire record, including testimony and my observations of witness demeanor, documents, and stipulations, as well as the helpful posttrial briefs that all three parties filed, I find the following.

The Respondent is a Louisiana limited liability corporation with an office and place of business in Tuscaloosa, Alabama, where it is engaged in the business of manufacturing dimethyl sulfaxide (DMSO). The Respondent has admitted jurisdiction,

² Jt. Exhs. 1(a)-13.

and I so find.

For decades prior to 2010, the Respondent's chemical plant (the plant or the facility) was located in Bogalusa, Louisiana, and the Union—the USW International and its designated local union—represented a unit of all production and maintenance hourly paid workers employed there. The local union's number designation and the ownership of the facility have changed through the years.

In terms of the Union's structure, there are two types of locals. The first is an amalgamated local, a smaller unit that is part of a "mother local," which handles its finances; the second is a full-fledged independent local. Locals report to districts, which are divided for administrative purposes into sub-districts. The districts report directly to the USW International. There are 13 districts nationwide, as established by the USW International's executive board and constitution, as amended on July 1, 2008: Alabama comes under the jurisdiction of District 9, whereas Louisiana is under District 13.³

On September 1, 2007, the Respondent purchased the facility from its predecessor, Temple Inland. Their purchase agreement provided that the lease on the Bogalusa plant would expire, and the parties anticipated that the operations would be relocated.

On July 31, 2007, the Respondent and the Union entered into a memorandum of agreement (MOA), providing that the Respondent would honor the provisions of the existing labor agreement, with certain modifications and changes.⁴

In about February 2009, the Respondent informed employees that it was closing the Bogalusa facility and was opening a new facility in Tuscaloosa. In the same time period, the Respondent extended job offers to all employees in the Bogalusa bargaining unit who were willing to relocate to Tuscaloosa.

On March 29, 2009, the Respondent and the Union signed a new collective-bargaining agreement, effective through August 31, 2011, or the cessation of operations at the Bogalusa facility (with certain qualifications not here relevant).⁵ Representatives of the USW International, District 13, and Local 13-189 (an amalgamated local) signed on behalf of the Union. The parties, on about March 27, 2009, also entered into an MOA providing, inter alia, that employees would enjoy continued employment during and after relocation.⁶ As in negotiations for the 2007 MOA, Tourne participated in negotiations for these agreements and signed as a representative of the International.

On September 6, the Respondent began the process of closing its Bogalusa facility and relocating its equipment, supplies, materials and products to Tuscaloosa. The entire relocation process took approximately 108 days. The Tuscaloosa facility began producing DMSO, the sole product manufactured at the plant, on December 16.

³ See GC Exh. 13 at 5–6.

⁴ Jt. Exh. 1(b).

⁵ Jt. Exh. 2.

⁶ Jt. Exh. 3.

The Bogalusa plant closed in about January 2011.

As early as the week ending September 11, unit employees from Bogalusa began relocating to Tuscaloosa. By the week ending October 30, 12 of approximately 18 unit employees from Bogalusa had permanently transferred to the Tuscaloosa facility. They perform job functions substantially similar to those they performed in Bogalusa. Two other employees have been hired to work at the plant. The Respondent concedes that the Tuscaloosa plant operates in basically unchanged form and that it continues to employ as a majority of its employees individuals who were previously employed at its Bogalusa facility.⁷

At the Union's request, I conducted an in camera inspection of eight authorization cards from current employees that are in the Union's possession. One was undated, one was dated January 27, 2011; two were dated February 2, 2011; two were dated February 3, 2011; one was dated February 8, 2011; and one was dated February 10, 2011.

Union Requests to Bargain and for Information

Flippo, the Union's District 9 director, sent an August 31 letter to Smith and Paul Dennis, the Respondent's president and chief executive officer. He stated that the Union understood a majority of employees at Tuscaloosa were from the Bogalusa unit, and he requested bargaining, as well as a list of names, job classifications, seniority dates, rates of pay and benefits for unit employees.⁸ He sent them a similar letter, again requesting bargaining and the same information, on September 23.⁹

By September 30 letter, Dennis asked Flippo what District 9's legal basis was for asserting that it was the employees' bargaining representative.¹⁰

By letter of October 19 to Dennis and Smith, Flippo stated that the USW International was the certificated bargaining representative.¹¹ He again requested bargaining and once more requested the information for which he had asked in the letters referenced above, as well as information concerning, inter alia, 1) criteria used to transfer employees; 2) compensations package to employees who had relocated; 3) wage rates and classifications at both facilities; 4) wages paid to each employee; 5) overtime hours; 6) job descriptions/and or job duties, departments, and classifications; 7) compliance with OSHA standards and reporting requirements; 8) cost of medical and other insurance; 9) all plant rules and regulations; 10) various leave amounts and costs; 11) bonuses; 12) workers' compensations programs; 13) amount and cost of safety equipment; 14) any other fringe benefits; and 15) most recent EEO-1 report filed.

Flippo testified that he wanted the information so that his staff could prepare to

⁷ See Jt. Exh. 11, showing that of the 14 current unit employees, 12 came from Bogalusa.

⁸ Jt. Exh. 4.

⁹ Jt. Exh. 5.

¹⁰ Jt. Exh. 6.

¹¹ Jt. Exh. 7.

negotiate a collective-bargaining agreement for the Tuscaloosa facility, which would become an amalgamated local.

Dennis responded by letter of October 25, in which he stated that neither the USW International nor District 9 was the certified bargaining representative for employees at the plant, and he therefore denied the Union's demand for bargaining and requests for information.¹²

Unilateral Change

The Respondent admittedly created a new unit job position called "lead shipper" in about January 2011 without providing the Union with prior notice and an opportunity to bargain, and I so find.

Interrogation

Within a week or two after Mitchell transferred to Tuscaloosa in mid-September, Smith asked him in to his temporary office in a trailer, to talk about leadership. Early on, Smith asked, "why I thought we needed a union"?¹³ Mitchell answered rhetorically, why not? Smith then explained his leadership philosophy, drawing pictures on a sketch pad as he went along. He said that there was more flexibility and less expense without a union. Mitchell asked what those expenses were. Smith replied, union dues and legal fees for the Company for attorneys negotiating and reviewing contracts.

On the morning of October 25, Smith asked Talley to come to his office at the Tuscaloosa facility. There, Smith asked him "why we wanted a union or needed a union"?¹⁴ Talley replied with his reasons for wanting union representation. Smith then stated that a union was divisive, was an added expense to the company and to employees, and restrained company growth. He discussed his concept of team leadership and said that management would be holding a "townhall meeting" to dispel rumors.¹⁵

Analysis and Conclusions

Failure to Recognize and Bargain

The Board has long held that, following an employer's relocation, a union is entitled to continued recognition and to have an existing collective-bargaining agreement remain in effect, provided operations and equipment remain substantially the same at the new location, and a substantial percentage of employees at the old facility transfer to the new location. *Rock Bottom Stores*, 312 NLRB 400, 402 (1993), enfd. 51 F.3d 366 (2nd Cir. 1995). *Westwood Import Co.*, 251 NLRB 1213, 1214 (1980), enfd.

¹² Jt. Exh. 8.

¹³ Tr. 177.

¹⁴ Tr. 39; 41.

¹⁵ Dennis and Smith conducted such a meeting on October 27. The General Counsel does not allege that anything they said violated the Act.

681 F.2d 664 (9th Cir. 1982). The “substantial percentage” requirement is met if the transferees from the old facility constitute at least approximately 40 percent of the new facility’s employee complement. *Rock Bottom Stores* at 402; *Harte & Co.*, 278 NLRB 947, 948 (1986); *Westwood Import Co.* at 1216 fn. 8.

Here, the Respondent has admitted, both in its answer and/or by stipulations, that it has continued to operate the Tuscaloosa facility in basically unchanged form and that a majority of its Tuscaloosa employees were previously employed at the Bogalusa facility. The Respondent also admittedly refused to bargain after the Union’s August 31 September 23, and October 19 requests for such.

The Respondent provided no evidence that the Union has ever lost the support of a majority of unit employees, whether in Bogalusa or Tuscaloosa, and does not now argue this as a basis for nonrecognition of the Union. Accordingly, I need not discuss whether the Union’s presumption of majority support was rebuttable because the collective-bargaining agreement, by its express terms, terminated upon the relocation. Suffice to say, the Respondent failed to establish that at the time it withdrew recognition, the union had actually lost majority status. See *Levitz Furniture Co. of the Pacific*, 333 NLRB 717, 717 (2001). Nor does the Respondent now argue that the Union waived any rights to represent relocated employees.

Rather, the Respondent contends that it has no current bargaining obligation because of the following factors combined: 1) the conjunctive definition of the certified bargaining representative as both the International and its designated Local 189; 2) the significant distance of the move; 3) the absence of animus behind the decision to locate; 4) the Union’s internal requirement that employees continue to express a desire for unionization; 5) the geographic definition in the collective-bargaining agreement (Bogalusa); and 6) the solicitation by the Union of post-relocation authorization cards.¹⁶ The Respondent’s counsel concedes that he can cite no Board decisions or court cases directly supporting the Respondent’s position (R. Br. at 6).

The Respondent’s collective-bargaining relationship has been with the USW International, not separately with its subordinate components, whose bargaining authority and representational authority derived entirely from their affiliation with the USW International. I therefore deem wholly lacking in merit the Respondent’s assertion that the conjunctive definition of the certified bargaining representative in the labor agreement, and/or the post-relocation change in union district or local jurisdiction, stripped the Union of its representational status.

Nor did the fact that the move was some distance away deprive the Union of that status. To hold otherwise would be to allow an employer to evade its collective-bargaining obligations simply by moving further away—leading to the untenable result of making relocation more onerous on unionized employee.

¹⁶ R. Br. at 5–6.

Whether or not the relocation was motivated by antiunion or other unlawful reasons is not determinative of the Union's right to continued representational status. See *J.R. Simplot Co.*, 311 NLRB 572, 579; *Westwood Import Co.*, supra at 1213 (1993).

The Respondent's brief fails to specify any evidence supporting its claim that the Union has an internal requirement that employees continue to express a desire for unionization. I will not shoulder that responsibility or address this point further.

Although the geographic definition in the collective-bargaining agreement was Bogalusa, there was no language "at no other locations," and other provisions in the agreement unequivocally demonstrate that the parties envisioned a dismantlement of the Bogalusa plant and transfer of its operations elsewhere. Moreover, the parties signed an MOA regarding post-relocation employment of Bogalusa employees. As noted, the Respondent does not allege that Union ever waived any rights to represent them after the relocation.

Finally, the Union's decision to collect authorization cards in no way serves as an admission against interest or supports the Respondent's suggestion that the Union was required to file a representation petition to establish post-relocation majority status. Indeed, the card check revealed that the Union continued to enjoy such status after the move to Tuscaloosa.

Accordingly, I conclude that the Respondent was required to continue to recognize the Union and bargain with it as the collective-bargaining representative of the plant's Tuscaloosa unit employees and that its failure to do so since on about October 25 violated Section 8(a)(5) and (1) of the Act.

Failure to Provide Information

An employer is obliged to supply information requested by a collective-bargaining representative that is relevant and necessary for the latter's performance of its responsibilities to the employees it represents. *NLRB v. Acme Industrial Co.*, 385 U.S. 432 (1967); *NLRB v. Truitt Mfg. Co.*, 351 U.S. 149 (1956). When the requested information concerns terms and conditions of employment of bargaining-unit, that information is presumptively relevant, and the respondent must provide it. *Chrysler, LLC*, 355 NLRB No. 54, slip op. at 13 (2010); *Contract Flooring Systems*, 344 NLRB 925, 928 (2005).

Here the information that the Union sought by its letters of August 31, September 23, and October 19 related directly to unit employees' terms and conditions of employment, including wages and other compensation, and health and safety matters. Accordingly, the information that that the Union requested was presumptively relevant, the Respondent has never claimed otherwise, and I conclude that the Respondent violated Section 8(a)(5) and (1) since on about October 25 by failing to furnish it.

Unilateral Change

An employer violates Section 8(a)(5) and (1) of the Act when it unilaterally makes substantial changes on subjects of mandatory bargaining; to wit, employees' wages, hours, or other terms and condition of employment, without first affording notice and a meaningful opportunity to bargain to the union representing employees. *NLRB v. Katz*, 369 U.S. 736 (1962); *United Cerebral Palsy of New York City*, 347 NLRB 603, 608 (2006). An employer's creation of new positions in the bargaining unit is such a mandatory subject of bargaining. *Spurlino Materials, LLC*, 353 NLRB 1198, 1198 (2009), reaffirmed 355 NLRB No. 77 (2010), enfd. ___ F.3d ___ (7th Cir. 2011).

I therefore conclude that by admittedly creating the new unit job position of "lead shipper" in about January 2011, without providing the Union prior notice and an opportunity to bargain, the Respondent violated Section 8(a)(5) and (1) of the Act.

Alleged 8(a)(1) Violations

A statement from an employer is an unlawful threat under Section 8(a)(1) if it interferes with, restrains, or coerces employees in the exercise of their Section 7 rights. 29 U.S.C. § 158(a). Not all employer interrogations are per se illegal. Rather, the test is whether, under all the circumstances, the interrogation tends to interfere with, restrain, or coerce employees. *Matthews Readymix, Inc.*, 324 NLRB 1005, 1007 (1997); *Rossmore House*, 269 NLRB 1176, 1176-1178 (1984).

Here, Smith, a high-level manager, called Mitchell and Talley individually into his office and asked them why they wanted a union, in conversations in which he attempted to persuade them that they and the Company would be better off without their having union representation. In these circumstances, I conclude that Smith's questions had the reasonably foreseeable effect of discouraging employees from supporting the Union and thereby constituted unlawful interrogation.

Ergo, I conclude that the Respondent violated Section 8(a)(1) by unlawfully interrogating employees in about late September and on October 25 about their union sympathies.

Conclusions of Law

1. The Respondent is an employer engaged in commerce within the meaning of Section 2(2), (6), and (7) of the Act.

2. The Union is a labor organization within the meaning of Section 2(5) of the Act.

3. By the following conduct, the Respondent has engaged in unfair labor practices affecting commerce within the meaning of Section 2(6) and (7) of the Act and violated Section 8(a)(5) and (1) of the Act:

(a) Failed and refused to recognize and bargain with the Union as the collective-bargaining representative of unit employees in Tuscaloosa, Alabama.

(b) Failed and refused to provide the Union with information that the Union requested concerning the terms and conditions of employment of unit employees.

(c) Created the new unit job position of lead shipper without first providing the Union notice and an opportunity to bargain.

4. By interrogating employees about their union sympathies, the Respondent has engaged in unfair labor practices affecting commerce within the meaning of Section 2(6) and (7) of the Act and violated Section 8(a)(1) of the Act.

Remedy

Having found that the Respondent has engaged in certain unfair labor practices, I find that it must be ordered to cease and desist and to take certain affirmative action designed to effectuate the policies of the Act.

Since the Respondent unilaterally created a new unit position of lead shipper, the Respondent shall be ordered to make any unit employees whole for any loss of earnings and other benefits they may have suffered. The make-whole remedy shall be computed in accordance with *Ogle Protection Service, Inc.*, 183 NLRB 682 (1970), enfd. 444 f.2d 502 (6th Cir. 1971), with interest at the rate prescribed in *New Horizons for the Retarded*, 283 NLRB 1173 (1987), compounded daily as prescribed in *Kentucky River Medical Center*, 356 NLRB No. 8 (2010).

On these findings of fact and conclusions of law and on the entire record, I issue the following recommended¹⁷

ORDER

The Respondent, Gaylord Chemical Co., LLC, Tuscaloosa, Alabama, its officers, agents, successors, and assigns, shall

1. Cease and desist from

(a) Failing and refusing to recognize and bargain with the Union as the collective-bargaining representative of unit employees in Tuscaloosa, Alabama.

(b) Failing and refusing to provide the Union with information that the Union requests that is relevant and necessary for it to perform its duties as a collective-bargaining representative.

(c) Creating new unit job positions without first providing the Union with notice and an opportunity to bargain.

(d) Interrogating employees about their union sympathies.

(e) In any like or related manner interfering with, restraining, or coercing employees in the exercise of the rights guaranteed them by Section 7 of the Act.

2. Take the following affirmative action necessary to effectuate the policies of the Act.

¹⁷ If no exceptions are filed as provided by Sec. 102.46 of the Board's Rules and Regulations, the findings, conclusions, and recommended Order shall, as provided in Sec. 102.48 of the Rules, be adopted by the Board and all objections to them shall be deemed waived for all purposes.

(a) Recognize and bargain on request with the Union.

(b) Furnish the Union with the information that it requested on August 31, September 23, and October 19, 2010.

(c) Upon the Union's request, rescind or bargain over the new unit position of lead shipper.

(d) Make unit employees whole for any loss of earnings and other benefits they suffered as a result of the unilateral creation of the new unit position of lead shipper, as set forth above in the Remedy section.

(e) Within 14 days after service by the Region, post at its facility in Tuscaloosa, Alabama, copies of the attached notice marked "Appendix."¹⁸ Copies of the notice, on forms provided by the Regional Director for Region 10, after being signed by the Respondent's authorized representative, shall be posted by the Respondent and maintained for 60 consecutive days in conspicuous places including all places where notices to employees are customarily posted. In addition to physical posting of paper notices, notices should be distributed electronically, such as by email, posting on an intranet or an internet site, and/or other electronic means, if the Respondent customarily communicates with its employees by such means. Reasonable steps shall be taken by the Respondent to ensure that the notices are not altered, defaced, or covered by any other material. In the event that, during the pendency of these proceedings, the Respondent has gone out of business or closed the facility involved in these proceedings, the Respondent shall duplicate and mail, at its own expense, a copy of the notice to all current employees and former employees employed by the Respondent at any time since October 1, 2010.

(f) Within 21 days after service by the Region, file with the Regional Director a sworn certification of a responsible official on a form provided by the Region attesting to the steps that the Respondent has taken to comply.

Dated, Washington, D.C. August, 18, 2011

Ira Sandron
Administrative Law Judge

¹⁸ If this Order is enforced by a judgment of a United States court of appeals, the words in the notice reading "Posted by Order of the National Labor Relations Board" shall read "Posted Pursuant to a Judgment of the United States Court of Appeals Enforcing an Order of the National Labor Relations Board."

APPENDIX

NOTICE TO EMPLOYEES

Posted by Order of the
National Labor Relations Board
An Agency of the United States Government

The National Labor Relations Board has found that we violated Federal labor law and has ordered us to post and obey this notice.

FEDERAL LAW GIVES YOU THE RIGHT TO

Form, join, or assist a union
Choose representatives to bargain with us on your behalf
Act together with other employees for your benefit and protection
Choose not to engage in any of these protected activities

WE WILL NOT fail and refuse to recognize and bargain with the United Steelworkers Union (the Union) as your recognized collective-bargaining representative.

WE WILL NOT fail and refuse to provide the Union with information that it requests that is relevant and necessary for it to perform its duties as your collective-bargaining representative.

WE WILL NOT create new unit job positions without first affording the Union notice and an opportunity to bargain.

WE WILL NOT question you about your union sympathies.

WE WILL NOT in any like or related manner interfere with, restrain, or coerce you in the exercise of your rights under Section 7 of the Act, as set forth at the top of this notice.

WE WILL bargain with the Union on its request.

WE WILL furnish the Union with the information that it requested on August 23, September 23, and October 31, 2010, concerning your terms and conditions of employment.

WE WILL, on the Union's request, rescind our creation of the lead shipper position or bargain with the Union over it.

WE WILL make any unit employees whole, with interest, for any loss of earnings and other benefits suffered as a result of our unilateral creation of the lead shipper position.

 GAYLORD CHEMICAL CO., LLC

(Employer)

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Dated _____ By _____
 (Representative) (Title)

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The National Labor Relations Board is an independent Federal agency created in 1935 to enforce the National Labor Relations Act. It conducts secret-ballot elections to determine whether employees want union representation and it investigates and remedies unfair labor practices by employers and unions. To find out more about your rights under the Act and how to file a charge or election petition, you may speak confidentially to any agent with the Board's Regional Office set forth below. You may also obtain information from the Board's website: www.nlr.gov.

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233 Peachtree Street N.E., Harris Tower, Suite 1000, Atlanta, GA 30303-1531
 (404) 331-2896, Hours: 8 a.m. to 4:30 p.m.

THIS IS AN OFFICIAL NOTICE AND MUST NOT BE DEFACED BY ANYONE

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THIS NOTICE MUST REMAIN POSTED FOR 60 CONSECUTIVE DAYS FROM THE DATE OF POSTING AND MUST NOT BE ALTERED, DEFACED, OR COVERED BY ANY OTHER MATERIAL. ANY QUESTIONS CONCERNING THIS NOTICE OR COMPLIANCE WITH ITS PROVISIONS MAY BE DIRECTED TO THE ABOVE REGIONAL OFFICE'S COMPLIANCE OFFICER, (404) 331-2870.

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